



Transmitted via e-mail

March 8, 2017

Ms. Alice M. Lee, Chief
External Audits–Contracts, Audits and Investigations
California Department of Transportation
1304 O Street, Suite 200
Sacramento, CA 95814

Dear Ms. Lee:

Final Report—City of Glendale, Proposition 1B Audit

The California Department of Finance, Office of State Audits and Evaluations, has completed its audit of the City of Glendale's (City) Proposition 1B projects listed below:

<u>Project Number</u>	<u>P Number</u>	<u>Project Name</u>
TLSP-5144(043)	P2530-0044	Brand Boulevard Corridor
TLSP-5144(044)	P2530-0043	Colorado/San Fernando Road
TLSP-5144(045)	P2530-0042	Glendale/Verdugo Road

The enclosed report is for your information and use. After review of the draft report, the City chose not to provide a written response. This report will be placed on our website.

We appreciate the assistance and cooperation of the City. If you have any questions regarding this report, please contact Jon Chapple, Manager, or Angie Williams, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Jennifer Whitaker, Chief
Office of State Audits and Evaluations

Enclosure

cc: Ms. Luisa Ruvalcaba, Audit Manager, External Audits–Contracts, Audits and Investigations, California Department of Transportation
Mr. Roubik Golanian, Director, Public Works Department, City of Glendale
Mr. Dennis Ambayec, Deputy Director, Public Works Department, City of Glendale
Mr. Wayne Ko, Principle Traffic Engineer, Public Works Department, City of Glendale

City of Glendale
Proposition 1B Bond Program
Project Numbers TLSPL 5144(043), TLSPL 5144(044), and
TLSPL 5144(045)



Brand Boulevard Corridor

Prepared By:
Office of State Audits and Evaluations
California Department of Finance

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Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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BACKGROUND, SCOPE AND METHODOLOGY

BACKGROUND

California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) for \$19.925 billion. These bond proceeds finance a variety of transportation programs. Although the bond funds are made available to the California Transportation Commission (CTC) upon appropriation by the Legislature, CTC allocates these funds to the California Department of Transportation (Caltrans) to implement various programs.¹

CTC awarded \$3.3 million of Proposition 1B Traffic Light Synchronization Program (TLSP) funds to the City of Glendale (City) for three traffic enhancement projects; Brand Boulevard Corridor (TLSP-5144(043)), Colorado/San Fernando Road (TLSP-5144(044)), and Glendale/Verdugo Road (TLSP-5144(045)). Specifically, the projects were to improve the safety, operations, and the effective capacity of major arterial corridors through the installation of closed circuit television cameras, communication infrastructure upgrades, and traffic signal operational improvements at selected intersections. Construction for these projects is complete.

PROGRAM DESCRIPTION¹

TLSP: \$250 million of bond proceeds made available to the Traffic Light Synchronization Program to finance traffic light synchronization projects or other technology-based improvements to improve safety, operations and the effective capacity of local streets and roads. Project funding is limited to the costs of construction and acquisition and installation of equipment.

SCOPE

As requested by Caltrans, the California Department of Finance, Office of State Audits and Evaluations, audited the projects described in the Background section of this report. The audit period for each project is identified in Appendix A.

The audit objectives were to determine whether:

- Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans/CTC's program guidelines.
- Deliverables/outputs were consistent with the project scopes and schedules.
- Benefits/outcomes as described in the executed project agreements, approved amendments, or Baseline Agreements were achieved, and adequately reported in the Final Delivery Reports.

We did not assess the efficiency or effectiveness of program operations.

¹ Excerpts were obtained from the bond accountability website <https://bondaccountability.dot.ca.gov/>

The City's management is responsible for ensuring accurate financial reporting; compliance with contract provisions, state and federal regulations, and applicable program guidelines; and the adequacy of its job cost system to accumulate and segregate reasonable, allocable, and allowable costs. CTC and Caltrans are responsible for the state-level administration of the program.

METHODOLOGY

To achieve the audit objectives, we performed the following procedures:

- Examined the project files, project agreements, program guidelines, and applicable policies and procedures.
- Reviewed procurement records to ensure compliance with applicable local, state, and federal procurement requirements.
- Reviewed accounting records, progress payments, and cancelled checks.
- Selected a sample of expenditures to determine if they were project-related, properly incurred, authorized, and supported by accounting records.
- Reviewed a sample of contract change orders to ensure they were within the scope of the projects, properly approved, and supported.
- Evaluated whether other revenue sources were used to reimburse expenditures already reimbursed with bond funds.
- Evaluated whether project deliverables/outputs were met by reviewing a sample of supporting documentation and conducting site visits to verify project existence.
- Evaluated whether project deliverables/outputs were completed on schedule by reviewing project files, project agreements or amendments, Baseline Agreements, and Final Delivery Reports.
- Determined whether project benefits/outcomes were achieved by comparing actual benefits/outcomes reported in the Final Delivery Reports with the expected benefits/outcomes described in the executed project agreements, approved amendments, or Baseline Agreements.
- Evaluated whether project benefits/outcomes were adequately reported in the Final Delivery Reports by reviewing a sample of supporting documentation.

In conducting our audit, we obtained an understanding of internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during our audit and determined to be significant within the context of our audit objectives are included in this report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans/CTC program guidelines. In addition, except as noted below in Finding 2, the project deliverables/outputs were consistent with the project scopes and schedules. Also, the City did not adequately report project benefits/outcomes in the Final Delivery Reports, and did not achieve the expected benefits/outcomes as described in the executed project agreements, approved amendments, or Baseline Agreements as described in Finding 1. The *Summary of Projects Reviewed* is presented in Appendix A.

Finding 1: Improvements Needed in Reporting Project Benefits/Outcomes

The benefits/outcomes for project TLSPL-5144(043) were not adequately reported in the Final Delivery Report and not supported with documentation. In addition, some of the expected benefits/outcomes for the TLSPL-5144(044) and TLSPL-5144(045) projects were not adequately reported. Specifically:

- The Baseline Agreements for projects TLSPL-5144(043), TLSPL-5144(044), and TLSPL-5144(045) stated the projects would achieve total benefits of over \$1.9 million, \$2.4 million, and \$3.4 million, respectively. However, the City did not report these monetary benefits in the Final Delivery Reports. The City stated it did not calculate the actual monetary benefits for the projects.
- For project TLSPL-5144(043), the City reported before and after travel time studies relating to the reduction in travel delays in the Final Delivery Report. However, the City was unable to provide documentation supporting the reported figures. The City stated it was unable to locate the travel time studies that were prepared by a former City employee. Therefore, the City could not demonstrate the expected benefit/outcome of a reduction in travel delays was achieved.
- The Baseline Agreements for all three projects stated the projects would improve the safety of the existing surface transportation system. However, the Final Delivery Report for each of the projects stated collision data was not obtained and collisions were not expected to be reduced by implementation of the project. Therefore, the City could not demonstrate the expected benefit/outcome of an improvement in safety was achieved.

TLSP Guidelines, section 5, requires the City to provide documentation supporting the benefit and cost estimates cited in the application. Section 16 requires the City to provide a final delivery report on the scope of the completed project to include a comparison of performance outcomes derived from the project as compared to those described in the project baseline agreement. In addition, the implementing agency is held responsible for maintaining documentation of the information reported on the Final Delivery Report.

Recommendations:

- A. Maintain documentation to support project benefits/outcomes reported in the Final Delivery Report.
- B. Submit Supplemental Final Delivery Reports listing the pre and post comparable benefits and outcomes. Additionally, ensure future Final Delivery Reports have comparable pre and post benefits/outcomes.

Finding 2: Final Delivery Reports not Submitted Timely

The Final Delivery Reports for all three projects were submitted one year late. The Final Delivery Reports were due August 2014 and were submitted August 2015. According to the City, the reports were delayed because staff was unaware of the report due dates. Late submission of reports decreases transparency of the status of a project and prevents Caltrans/CTC's ability to timely review the completed project's scope, final costs, project schedules, and performance outcomes. TLSP Guidelines, section 16, requires a Final Delivery Report within six months of the project becoming operable. This section states that projects become operable at the end of the construction phase when the construction contract is accepted. Construction contracts for these projects were accepted in February 2014.

Recommendation:

Submit all Proposition 1B project Final Delivery Reports to CTC within six months of the projects becoming operable (construction contract acceptance date).

APPENDIX A

The following acronyms are used throughout Appendix A.

- California Department of Transportation: Caltrans
- California Transportation Commission: CTC
- City of Glendale: City
- Traffic Light Synchronization Program: TLSP

Summary of Projects Reviewed

Project Number	Expenditures Reimbursed	Project Status	Expenditures In Compliance	Deliverables/ Outputs Consistent	Benefits/ Outcomes Achieved	Benefits/ Outcomes Adequately Reported	Page
TLSP-5144(043)	\$807,925	C	Y	Y	N	N	A-1
TLSP-5144(044)	\$502,902	C	Y	Y	P	P	A-2
TLSP-5144(045)	\$1,407,460	C	Y	Y	P	P	A-3

Legend

C = Complete
Y = Yes
N = No
P = Partially Met

Project Number: TLSPL-5144(043)

Project Name: Brand Boulevard Corridor

Program Name: TLSP

Project Description: Proposition 1B funding was provided for traffic signal enhancement, communication upgrades, and integrated traffic signal technology that will improve signal synchronization and reduce travel delays in the Brand Boulevard Corridor.

Audit Period: January 13, 2010 through March 31, 2014¹

Project Status: Complete

Schedule of Proposition 1B Expenditures

Proposition 1B Expenditures	Reimbursed
Construction	\$747,772
Construction Engineering	60,153
Total Proposition 1B Expenditures	\$807,925

Audit Results:

Compliance—Proposition 1B Expenditures

Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans/CTC's program guidelines.

Deliverables/Outputs

This project was completed in February 2014. At the time of our site visit in September 2016, project deliverables/outputs were consistent with the project scope and schedule. However, the Final Delivery Report was submitted one year late. The report was due August 2014, but was not submitted until August 2015.

Benefits/Outcomes

The City did not adequately report actual project benefits/outcomes. Specifically, the expected monetary benefits of over \$1.9 million and benefits relating to improved safety of the project were not reported in the Final Delivery Report, and the City did not maintain documentation to support these benefits. In addition, although benefits/outcomes relating to traffic delays were reported in the Final Delivery Report; the City was unable to locate documentation supporting the reported amounts.

¹ The audit period end date reflects the billing period end date of the last reimbursement claim submitted to Caltrans.

Expected Benefits/Outcomes	Actual Benefits/Outcomes	Benefits/ Outcomes Achieved
The project will result in a total benefit of over \$1.9 million.	Not reported	No
Reduction in travel delays on the corridor thereby increasing the mobility, air quality, effectiveness, and capacity of the existing roadway.	Not adequately reported	No
Improve the safety of the existing surface transportation system.	Not reported	No

Project Number: TLSPL-5144(044)

Project Name: Colorado/San Fernando Road

Program Name: TLSP

Project Description: Proposition 1B funding was provided for traffic signal enhancement, communication upgrades, and integrated traffic signal technology that will improve signal synchronization and reduce travel delays in the Colorado Street and San Fernando Road corridor.

Audit Period: January 13, 2010 through February 6, 2014²

Project Status: Complete

Schedule of Proposition 1B Expenditures

Proposition 1B Expenditures	Reimbursed
Construction	\$452,244
Construction Engineering	50,658
Total Proposition 1B Expenditures	\$502,902

Audit Results:

Compliance—Proposition 1B Expenditures

Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans/CTC's program guidelines.

Deliverables/Outputs

This project was completed in February 2014. At the time of our site visit in September 2016, project deliverables/outputs were consistent with the project scope and schedule. However, the Final Delivery Report was submitted one year late. The report was due August 2014, but was not submitted until August 2015.

Benefits/Outcomes

The expected benefits/outcomes relating to the reduction in traffic delays were adequately reported in the Final Delivery Report. However, the expected monetary benefits of over \$2.4 million and benefits relating to improved safety of the project were not reported in the Final Delivery Report, and the City did not maintain documentation to support these benefits.

² Ibid.

Expected Benefits/Outcomes	Actual Benefits/Outcomes	Benefits/ Outcomes Achieved
The project will result in a total benefit of over \$2.4 million.	Not reported	No
Reduction in travel delays on the corridor thereby increasing the mobility, air quality, effectiveness, and capacity of the existing roadway.	<ul style="list-style-type: none"> • AM Peak – Travel times reduced by 8 seconds • Noon Peak – Travel times reduced by 1 minute, 29 seconds • PM Peak – Travel times reduced by 2 seconds 	Yes
Improve the safety of the existing surface transportation system.	Not reported	No

Project Number: TLSPL-5144(045)

Project Name: Glendale/Verdugo Road

Program Name: TLSP

Project Description: Proposition 1B funding was provided for traffic signal enhancement, communication upgrades, and integrated traffic signal technology that will improve signal synchronization and reduce travel delays in the Glendale Avenue and Verdugo Road corridor.

Audit Period: January 13, 2010 through February 6, 2014³

Project Status: Complete

Schedule of Proposition 1B Expenditures

Proposition 1B Expenditures	Reimbursed
Construction	\$1,291,918
Construction Engineering	115,542
Total Proposition 1B Expenditures	\$1,407,460

Audit Results:

Compliance—Proposition 1B Expenditures

Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans/CTC's program guidelines.

Deliverables/Outputs

This project was completed in February 2014. At the time of our site visit in September 2016, project deliverables/outputs were consistent with the project scope and schedule. However, the Final Delivery Report was submitted one year late. The report was due August 2014, but was not submitted until August 2015.

Benefits/Outcomes

The expected benefits/outcomes relating to the reduction in traffic delays were adequately reported in the Final Delivery Report. However, the expected monetary benefits of over \$3.4 million and benefits relating to improved safety of the project were not reported in the Final Delivery Report, and the City did not maintain documentation to support these benefits.

³ Ibid.

Expected Benefits/Outcomes	Actual Benefits/Outcomes	Benefits/ Outcomes Achieved
The project will result in a total benefit of over \$3.4 million.	Not reported	No
Reduction in travel delays on the corridor thereby increasing the mobility, air quality, effectiveness, and capacity of the existing roadway.	<ul style="list-style-type: none"> • AM Peak – Travel times reduced by 56 seconds • Noon Peak – Travel times reduced by 1 minute, 14 seconds • PM Peak – Travel times reduced by 1 minute, 24 seconds 	Yes
Improve the safety of the existing surface transportation system.	Not reported	No